

VALUATION REPORT
on
Fair Value of Equity Shares

Vertoz Advertising Limited

The logo for Vertoz Advertising Limited, featuring the word "VERTOZ" in a bold, sans-serif font. The letter "V" is stylized with a vertical gradient from purple to blue.

Bhaves M Rathod
Chartered Accountants, Registered Valuer – SFA
12D, White Spring, A wing, Rivali Park Complex,
Western Express Highway, Borivali East, Mumbai 400066
Email : Info.cabhavesh@gmail.com
Mobile : +91 9769 11 34 90

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Valuation Analysis

We refer to our Engagement Letter dated 5th September 2022 as independent valuers of **Vertoz Advertising Limited** (the "Company"). In the following paragraphs, we have summarized our valuation Analysis (the "Analysis") of the business of the Company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

1 Context and Purpose

Based on discussion with the management, we understand that the Company is evaluating the possibility of **Fair Value of Equity shares under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**. In the context of the proposed transaction, the management requires our assistance in determining the **Fair Value of Equity shares** of the Company.

Proposed Transaction:

During the Financial Year 2022-23, Company is evaluating the possibility of issuing further securities to prospective investors. In this context, the management of **Vertoz Advertising Limited** (the "Management") has requested us to estimate the fair value of the Equity Shares. - "Proposed Transaction".

2 Conditions and major assumptions

Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the financial statements and express no assurance on them.

Readers of this report should be aware that a business valuation is based on future earnings potential that may or may not be materialised

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or

the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to require to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company.

We have been informed by the management that there are no significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

3 Background of the Company

Vertoz Advertising Ltd, founded in 2012, is an ad-tech Co. that offers data-driven marketing, advertising and monetization solutions to Digital Marketers, Advertising Agencies and Digital Media businesses using the latest technologies. The company has in-house developed its full-stack and has also acquired various components to complement its products.

Company URL: <https://www.vertoz.com/>

Further data of the company is as under:

CIN	L74120MH2012PLC226823
Company / LLP Name	VERTOZ ADVERTISING LIMITED
ROC Code	RoC-Mumbai
Registration Number	226823
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Public
Authorised Capital (Rs)	500000000
Paid up Capital (Rs)	119700000
Number of Members (Applicable in case of company without Share Capital)	0
Date of Incorporation	13/02/2012
Registered Address	602, AVIOR, NIRMAL GALAXY L.B.S. MARG, OPP. JOHNSON & JOHNSON, MULUND (W) MUMBAI Mumbai City MH 400080 IN
Email Id	COMPLIANCE@VERTOZ.COM
Whether listed or not	Listed
Date of last AGM	30/09/2022
Date of Balance Sheet	31/03/2022
Company Status (for efilng)	Active

Directors and Key Managerial Persons:

DIN/PAN	Name	Begin date	Designation
0000091585	Rasiklal Hathichand Shah	25/09/2017	Additional Director
0000091585	Rasiklal Hathichand Shah	25/09/2017	Director
0000092739	Hirenkumar Rasiklal Shah	02/05/2014	Wholetime Director
0000092787	Ashish Rasiklal Shah	13/02/2012	Director
BBCPS6255B	Akshay Ashok Sonar Parolkar	16/06/2017	CFO(KMP)
0007848294	Nilam Samir Doshi	14/06/2017	Director
0007849186	Harshad Uttamchand Shah	14/06/2017	Director
0007946771	Rohit Keshavlal Vaghadia	25/09/2017	Director
EZOPS6680B	Zill Pankaj Shah	30/05/2019	Company Secretary

Shareholding Details as on 30th September 2022

Particulars	No. of Shares	% Holdings
Promoter & Promoter Group		
Hirenkumar Rasiklal Shah	30,71,824	25.66%
Ashish Rasiklal Shah	30,71,824	25.66%
Ranjanben Rasiklal Shah	1,19,700	1.00%
Rasiklal Hathichand Shah	1,19,700	1.00%
Archana Rohit Shah	1,19,700	1.00%
Shital Chintan Shah	1,19,700	1.00%
Arpana Vipul Vejani	1,19,700	1.00%
Public Shareholding		
Foreign Portfolio Investors Category I	40	0%
Directors and their relatives (excluding independent directors and nominee directors)	59,852	0.5%
Individuals		
Individual Shareholders Holding Nominal Share Capital Up to Rs. 2 Lakhs.	37,10,005	30.99%
Individual Shareholders Holding Nominal Share Capital in Excess of Rs. 2 Lakhs.	5,16,188	4.31%
Any Other (Specify)		
Bodies Corporate	5,39,685	4.51%
Non-Resident Indian (NRI)	1,33,922	1.12%
Other	2,68,160	2.25%
Total	1,19,70,000	100.00%

Face Value Per Share is Rs. 10.00/-

4 Valuation Premise

The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

5 Valuation Date

The Analysis of the Fair Value of Equity share of Vertoz Advertising Limited as on 14th November 2022.

6 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by ICAI Registered Valuers Organisation.

7 Valuation Methodology and Approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable Company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:

1. Asset Approach

Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

2. Market Approach

Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. In case of early stage company and different business model the problem aggravates further.

Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

3. Income Approach

Discounted Cash Flows - "DCF"

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the Company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a Company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows



Valuation Methodology

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.

In this case, the Company being a listed Company, we have considered valuation regulations applicable to preferential issue of Equity Shares as defined in Securities and Exchange Board of India (Issue of Capital & Disclosure) Regulations, 2018, the requirements of the Articles of Association of the Company and the provisions of the Companies (Share Capital and Debentures) Rules, 2014 (as amended).

SEBI Regulations for requirement of Valuation:

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED

The relevant Regulations under SEBI (ICDR) are reproduced as under:

Regulation 164(1) - Pricing of frequently traded shares

If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a. the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or*
- b. the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.*

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue

....

Regulation 166A (1): Other conditions for pricing

Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

....

Regulation 161: "relevant date" means: a) in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:

Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend or the holiday will be reckoned to be the relevant date.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

8 Source of Information

The Analysis is based on trading prices and volumes as available in the public domain. Specifically, the sources of information include:

- Historical Data of Trading Price and Volume traded of the stock on National Stock Exchange

Further, we have also been informed by the Company that

1. The Equity Shares of the Company are listed on the National Stock Exchange.
2. The Equity Shares are frequently traded on the National Stock Exchange and meet the definition of Frequently traded shares as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
3. The Company is proposing to hold Extraordinary General Meeting of Members on 14th December 2022 to approve the proposed preferential issue and hence, the relevant date is 14th November 2022.
4. The present issue of Equity Shares shall not result in change in control of the Company.

9 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

We have relied on data from Recognized Stock Exchange. This source is considered to be reliable and therefore, we assume no liability for the accuracy of the data.

The valuation worksheets prepared for the exercise are proprietary to the Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically Stated in this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

Our Report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and

taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues.

Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities. This report does not in any manner address, opine on or recommend the prices at which the securities of the Company could or should transact.

10 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Vertoz Advertising Limited**. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared according to the terms of SEBI ICDR Regulation, 2018.

11 Opinion on Fair Value of Equity Shares

Based on our valuation exercise Fair Value of the Equity Shares is as under:

Method		in INR
As per Regulation 164 SEBI, ICDR	A	122.93
Price determined under the valuation report from the independent registered valuer	B	68.27
Higher of A & B	C	122.93

Control Premium

The present issue of Equity Shares shall not result in change in control of the Company. Hence guidance on control premium is not considered under Regulation 166A.

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully


Bhavesh M Rathod
Chartered Accountants
M No: 119158
Registered Valuer - Securities or Financial Assets
(Reg No: IBBI/RV/06/2019/10708)



Date: 14/11/2022
Place: Mumbai

UDIN: **22119158BDPREW6251**

12 Annexure 1

As per Regulation 164 SEBI, ICDR

Method	in INR	
90 trading days' volume weighted average price (*)	A	116.22
10 trading days' volume weighted average price (*)	B	122.93
Higher of A & B	C	122.93

Volume Weighted Average Price for 90 trading Days

Date	No. of Trades	Total Turnover (Rs.)
11-Nov-22	4,59,777	6,25,84,812
10-Nov-22	4,51,432	5,52,18,540
09-Nov-22	1,25,371	1,42,54,375
07-Nov-22	29,350	32,11,445
04-Nov-22	36,635	39,33,483
03-Nov-22	15,102	15,93,873
02-Nov-22	12,007	12,84,146
01-Nov-22	1,22,854	1,34,20,694
31-Oct-22	20,255	21,15,142
28-Oct-22	57,621	59,32,676
27-Oct-22	32,051	34,59,174
25-Oct-22	25,273	27,29,029
24-Oct-22	55,767	60,18,059
21-Oct-22	65,807	73,17,824
20-Oct-22	61,203	70,86,743
19-Oct-22	1,12,047	1,25,51,118
18-Oct-22	26,100	31,03,290
17-Oct-22	42,131	50,17,123
14-Oct-22	1,39,402	1,69,38,478
13-Oct-22	2,94,864	3,68,86,731
12-Oct-22	11,747	13,56,533
11-Oct-22	28,259	32,89,094
10-Oct-22	21,157	24,92,202
07-Oct-22	21,470	25,91,825
06-Oct-22	52,135	63,69,910
04-Oct-22	85,105	1,03,56,106
03-Oct-22	55,866	65,68,552
30-Sep-22	26,416	29,87,655
29-Sep-22	11,931	13,73,758
28-Sep-22	56,072	64,92,872
27-Sep-22	1,80,697	2,08,79,186

26-Sep-22	82,099	89,51,095
23-Sep-22	42,627	50,83,553
22-Sep-22	30,863	37,24,791
21-Sep-22	61,864	76,63,850
20-Sep-22	76,086	97,65,321
19-Sep-22	98,229	1,27,71,414
16-Sep-22	2,01,539	2,60,61,560
15-Sep-22	2,48,460	3,41,44,186
14-Sep-22	2,65,720	3,59,86,756
13-Sep-22	3,96,008	5,17,79,945
12-Sep-22	4,51,250	5,66,83,957
09-Sep-22	1,61,556	1,90,44,566
08-Sep-22	6,44,430	7,84,54,391
07-Sep-22	9,60,579	11,02,26,165
06-Sep-22	3,89,841	3,80,02,153
05-Sep-22	39,744	34,80,770
02-Sep-22	56,899	49,66,244
01-Sep-22	16,977	14,48,670
30-Aug-22	47,438	40,31,893
29-Aug-22	10,976	8,95,102
26-Aug-22	18,070	15,12,225
25-Aug-22	15,294	12,72,375
24-Aug-22	25,215	20,92,566
23-Aug-22	10,442	8,56,825
22-Aug-22	10,781	8,88,276
19-Aug-22	19,914	16,35,590
18-Aug-22	21,756	18,20,103
17-Aug-22	19,461	15,95,677
16-Aug-22	93,214	75,72,984
12-Aug-22	12,702	10,56,129
11-Aug-22	27,859	23,14,084
10-Aug-22	10,882	9,06,570
08-Aug-22	14,302	11,90,692
05-Aug-22	14,142	11,79,549
04-Aug-22	15,000	12,66,137
03-Aug-22	17,533	14,70,814
02-Aug-22	11,212	9,47,531
01-Aug-22	29,789	25,23,922
29-Jul-22	12,564	10,56,270
28-Jul-22	21,405	18,08,083
27-Jul-22	8,376	6,92,110
26-Jul-22	5,871	4,87,335
25-Jul-22	13,683	11,44,565
22-Jul-22	9,794	8,27,555
21-Jul-22	26,338	21,88,405
20-Jul-22	38,364	32,33,204

19-Jul-22	9,402	7,90,559
18-Jul-22	11,839	9,90,606
15-Jul-22	16,261	13,47,907
14-Jul-22	9,337	7,73,460
13-Jul-22	15,316	12,68,701
12-Jul-22	18,863	15,64,583
11-Jul-22	23,988	19,80,251
08-Jul-22	55,978	47,01,425
07-Jul-22	28,220	23,32,366
06-Jul-22	15,593	12,83,259
05-Jul-22	28,018	23,60,065
04-Jul-22	27,303	22,97,131
01-Jul-22	25,540	20,79,995
Total	78,28,710	90,98,90,712

Traded Turnover	90,98,90,711.95
No. of Share Traded	78,28,710.00
Volume Weighted Average Price for 90 Trading Days	116.22

Volume Weighted Average Price for 10 trading Days

Date	No. of Trades	Total Turnover (Rs.)
11-Nov-22	4,59,777	6,25,84,812.20
10-Nov-22	4,51,432	5,52,18,539.75
09-Nov-22	1,25,371	1,42,54,374.65
07-Nov-22	29,350	32,11,444.85
04-Nov-22	36,635	39,33,482.55
03-Nov-22	15,102	15,93,872.50
02-Nov-22	12,007	12,84,145.70
01-Nov-22	1,22,854	1,34,20,694.10
31-Oct-22	20,255	21,15,142.10
28-Oct-22	57,621	59,32,675.70
Total	13,30,404	16,35,49,184.10

Traded Turnover	16,35,49,184.10
No. of Share Traded	13,30,404
Volume Weighted Average Price for 10 Trading Days	122.93

13 Annexure 2

Method	Value per share	Weight	Product
NAV Method	29.41	1	29.41
CCM Method	107.14	1	107.14
PECV Method (*)	34.05	0	0.00
Weight Average Value per share			68.27

(*) Value per share as per PECV is lower than NAV Method, hence it is not considered.

NAV Method

		(INR Lakhs)
Particulars		Book Value
Non-Current Assets		
Property, Plant & Equipment		26.58
Intangible Assets		347.33
Right of Use Assets		42.50
Non-Current Assets Investments		2,851.45
Other Non-current Assets		11.83
Current Assets		
Trade receivables		1,450.23
Cash and cash equivalents		264.45
Short Term Loans & Advances		43.85
Other Current Assets		13.30
Total Assets	A	5,051.52
Non-Current Liabilities		
		65.83
Lease Liabilities		34.86
Long Term Provisions		69.40
Deferred Tax Liabilities (Net)		8.77
Current liabilities		
Short Term Borrowings		663.41
Trade payables		220.11
Lease Liabilities		34.80
Short-term provisions		21.60
Other Current Liabilities		412.56
Total Liabilities	B	1,531.34
Net Worth	A - B	3,520.18

No. of Equity Shares	C	1,19,70,000
Value Per Share	(A - B) / C	29.41

Comparable Company Method (CCM)

Particulars	P/E
Multiple of Listed Peer Company	21.41
PAT of the Company (in INR Lakhs)	598.98
Equity Value (in INR Lakhs)	12,824.22
No. of Shares	1,19,70,000
Value per share (in INR)	107.14

Note 1: -

P/E Multiple of Listed Peer Company

Particulars	P/E
Pressman Advertising Ltd	21.41
Average	21.41

PECV Method

Particulars	FY2020	FY2021	FY2022
Profit After Tax	405.08	818.47	610.35
Average Profit			611
Capitalization Rate			15%
Capitalization Value			4,075.34
No. of Shares			1,19,70,000
Value per Share (Rs.)			34.05

Capitalization Rate**Organisation Specific Discount Rate**

- Cost of Equity of 15.00% is taken as Capitalization rate, calculated using,
 - Historical Market Return of Nifty-50 of Last Five Years is 13.25%
 - We have considered Premium of 2.00% towards risk and illiquidity

	Rate	Source
Market Return (Rm)	13.25 %	Return of Nifty-50 of Last Five Years.
Company Specific Risk	2.00 %	Contingency of revenues, projected high profitability, achievability of projections

Based on the above parameters, the Cost of Equity has been calculated at 15.00 %. (Rounded off)